

**PUBLIC DISCLOSURE**

DECEMBER 6, 2004

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**SOUTH ADAMS SAVINGS BANK**

90140

2 CENTER STREET  
ADAMS, MA 01220

DIVISION OF BANKS  
ONE SOUTH STATION  
BOSTON, MA 02110

<b>NOTE:</b>	This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.
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## **GENERAL INFORMATION**

The Community Reinvestment Act ("CRA") requires the Massachusetts Division of Banks ("Division") to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting its needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **SOUTH ADAMS SAVINGS BANK** (or the "Bank") prepared by the Division, the institution's supervisory agency.

### **INSTITUTION'S CRA RATING: This institution is rated "Satisfactory"**

South Adams Savings Bank overall CRA rating is based upon its performance under the five criteria contained herein. The following is a summarization of the findings, presented in descending order of weight given to each criterion, that were utilized in formulating the Bank's overall CRA rating.

#### **- Distribution of Credit among Different Income Levels**

The Bank had a reasonable distribution of residential mortgage lending to individuals of low and moderate-income, given the demographics of the Bank's assessment area.

#### **- Geographic Distribution of Loans**

The Bank had a satisfactory penetration of residential mortgage lending to the low and moderate-income census tracts in the Bank's assessment area.

#### **- Comparison Of Credit Extended Inside And Outside Of The Assessment Area(s)**

The Bank achieved a substantial penetration of its residential mortgage lending coming from inside its assessment area.

#### **- Loan to Deposit Analysis**

A reasonable level of net loan to deposit ratios reviewed over an eight quarter period was noted.

#### **- Review of Complaints/Fair Lending Policies and Practices**

Fair lending policies and practices are considered reasonable. No weight was given to a review of complaints, as none have been received since the prior examination.

## **PERFORMANCE CONTEXT**

### **Description of Institution**

South Adams Savings Bank is a mutual savings bank, incorporated under the laws of the Commonwealth of Massachusetts in 1869.

As of September 30, 2004, the Bank had \$199,597,000 in total assets. Of these total assets, \$118,242,000 or 59.2 percent were in the form of loans (net). The following table depicts South Adams Savings Bank's loan portfolio composition based on its September 2004 Federal Deposit Insurance Corporation ("FDIC") Quarterly Call Report.

<b>South Adams Savings Bank's Loan Portfolio as of September 30, 2004</b>	
<b>Type of Loans</b>	<b>% of Total Loans</b>
Construction & Land Development	1.2
Residential Real Estate	
a. 1-4 Family Mortgages	77.2
b. Home Equity Lines (includes second mortgages)	8.0
Multifamily	0.6
Commercial Loans	
a. Commercial Real Estate	5.6
b. Commercial & Industrial Loans	3.9
Consumer Loans	
a. Credit Cards & Related Plans	0.0
b. Loans to Individuals/Other Loans	3.5
<b>Total Loans</b>	<b>100.0</b>

Source: FDIC Call Report, 09/30/04

As indicated, overall residential real estate lending represents the majority of the Bank's portfolio at 87.0 percent. The second largest segment of the loan portfolio is overall commercial lending at 9.5 percent.

South Adams Savings Bank operates three branch office locations. Its main office is located on Center Street in Adams, and a branch office located on South Street in Cheshire and an office located on Main Street in Williamstown. All three locations offer Drive-up facilities, ATMs, and Night Drop Boxes.

There appears to be no legal or regulatory impediments that would affect South Adams Savings Bank in meeting the needs of its community. The FDIC conducted the previous CRA evaluation as of November 13, 2003. That examination resulted in a "Satisfactory" rating. The Division's previous CRA evaluation was conducted as of December 1, 1999. That examination also resulted in a "Satisfactory" rating.

## PERFORMANCE CONTEXT (CONTINUED)

### Description of Assessment Area

South Adams Savings Bank's assessment area consists of the Berkshire County communities of Pittsfield, North Adams, Adams, New Ashford, Clarksburg, Richmond, Hancock, Williamstown, Cheshire, Lanesborough, Savoy, Florida, Peru, and Windsor. These communities are either within the Pittsfield or the Massachusetts non-Metropolitan Statistical Areas ("MSA"). The HUD estimated Median Family Income for the Pittsfield MSA was \$50,400 and \$56,000 for 2002 and 2003, respectively. The HUD estimated Median Family Income for the non-MSA communities was \$52,100 and \$60,300 for 2002 and 2003, respectively.

### Demographic and Economic Data

#### Change in Demographics

In 2003, the US Census Bureau released its revised demographics based upon 2000 census data. The following table reflects both the 1990 and 2000 census data of South Adams Savings Bank's assessment area by census tract income groupings. In addition, the percentage change in the number of census tracts by income grouping is also reflected.

Change in Assessment Area Demographics					
Census Tracts	1990 Census Data		2000 Census Data		% Change in Number of Census Tracts
	#	%	#	%	
<b>Low</b>	<b>3</b>	12.0	<b>1</b>	3.6	<b>-66.7</b>
<b>Moderate</b>	<b>5</b>	20.0	<b>9</b>	32.1	<b>80.0</b>
<b>Middle</b>	14	56.0	15	53.6	<b>7.1</b>
<b>Upper</b>	3	12.0	3	10.7	<b>0.0</b>
<b>Total</b>	<b>25</b>	<b>100.0</b>	<b>28</b>	<b>100.0</b>	<b>12.0</b>

Source: PCI Services, Inc., CRA Wiz Software.

The following table reflects the changes in South Adams Savings Bank's census tracts from the 1990 census data to the 2000 census data by community. Note: The bolded items reflect a change.

South Adams Savings Bank's Census Tracts 1990 vs. 2000 Census Data								
Communities	Low		Moderate		Middle		Upper	
	1990	2000	1990	2000	1990	2000	1990	2000
Pittsfield	9001.00 9012.00	9001.00	9002.00 9006.00	9002.00 9006.00 <b>9012.00</b>	9003.00 9004.00 9007.00 9009.00 9010.00 9011.00	9003.00 9004.00 <b>9005.00</b> 9007.00 9009.00 9010.00 9011.00	9005.00 9008.00	9008.00
Lanesborough					9111.00	9111.00		
Williamstown					9201.00	<b>9201.01</b>		<b>9201.02</b>
North Adams	9211.00		9214.00	<b>9211.00</b> <b>9212.00</b> <b>9213.00</b> 9214.00	9212.00 9213.00 9215.00	9215.00		
Adams			9221.00 9222.00	9221.00 9222.00	9223.00	9223.00		
Cheshire					9231.00	9231.00		
Richmond, Hancock, Ashford							9351.00	9351.00

Source: PCI Services, Inc., CRA Wiz Software.

## **PERFORMANCE CONTEXT (CONTINUED)**

### **Demographic and Economic Data (Continued)**

Also, as of the 1990 census, the towns of Clarksburg, Peru, Windsor, Florida, and Savoy, all shared census tract 9311.00 (middle-income). In 2000, those towns were divided into, Clarksburg, census tract 9311.00 (middle-income), Florida and Savoy, census tract 9313.00 (middle-income), and Peru and Windsor, census tract 9314.00 (middle-income).

The following table reflects selected housing characteristics, based upon **1990** census data, for each of the census tract income groupings in South Adams Savings Bank's assessment area.

<b>Selected Housing Characteristics by Income Category of the Geography Based on 1990 Census Data</b>							
<b>Geographic Income Category</b>	<b>Percentage</b>						<b>Median Home Value (\$)</b>
	<b>Census Tracts</b>	<b>Households</b>	<b>Housing Units</b>	<b>Owner-Occupied</b>	<b>Rental Units</b>	<b>Vacant Units</b>	
<b>Low</b>	12.0	6.7	6.6	1.1	15.5	7.8	91,677
<b>Moderate</b>	20.0	21.3	21.1	15.4	30.9	19.5	84,467
<b>Middle</b>	56.0	61.5	61.6	68.6	50.6	58.4	106,969
<b>Upper</b>	12.0	10.5	10.7	14.9	3.0	14.3	142,309
<b>Total or Median</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>105,023</b>

Source: U.S. Census

In addition, the following table reflects selected housing characteristics, based upon **2000** census data, for each of the census tract income groupings in South Adams Savings Bank's assessment area.

<b>Selected Housing Characteristics by Income Category of the Geography Based on 2000 Census Data</b>							
<b>Geographic Income Category</b>	<b>Percentage</b>						<b>Median Home Value (\$)</b>
	<b>Census Tracts</b>	<b>Households</b>	<b>Housing Units</b>	<b>Owner-Occupied</b>	<b>Rental Units</b>	<b>Vacant Units</b>	
<b>Low</b>	3.6	503	5.5	1.0	13.2	7.2	80,000
<b>Moderate</b>	32.1	30.6	31.1	22.2	45.2	36.4	84,554
<b>Middle</b>	53.6	53.2	52.2	62.3	37.3	41.7	106,262
<b>Upper</b>	10.7	10.9	11.2	14.5	4.3	14.7	171,110
<b>Total or Median</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>105,343</b>

Source: U.S. Census

### **Description of Aggregate Data Utilized/Lending Activity**

Aggregate data, for residential mortgage lending performance purposes only, constitutes 183 (both large and small) mortgage companies, savings banks, commercial banks, cooperative banks, and credit unions, which have originated and/or purchased at least one residential mortgage and/or home improvement loan within the bank's assessment area (source: PCI Services, Inc., CRA Wiz). Total number of originations/purchases received by these lenders in calendar year 2002 was 3,213.

## **PERFORMANCE CONTEXT (CONTINUED)**

### **Description of Aggregate Data Utilized/Lending Activity (Continued)**

The following table reflects the top five lenders (in descending order) within South Adams Savings Bank's assessment area in 2002.

<b>Lending Activity in South Adams Savings Bank's Assessment Area</b>			
<b>Rank</b>	<b>Lenders</b>	<b>Number of Loans</b>	<b>Market Share Percentage</b>
1	Greylock Federal Credit Union	292	9.1
2	Legacy Banks	285	8.9
3	Adams Co-operative Bank	278	8.7
4	Berkshire Bank	252	7.8
<b>5</b>	<b>South Adams Savings Bank</b>	<b>246</b>	<b>7.7</b>

Source: PCI Services, Inc., CRA Wiz Software.

Aggregate data, for residential mortgage lending performance purposes only, constitutes 205 (both large and small) mortgage companies, savings banks, commercial banks, cooperative banks, and credit unions, which have originated and/or purchased at least one residential mortgage and/or home improvement loan within the bank's assessment area (source: PCI Services, Inc., CRA Wiz). Total number of originations/purchases received by these lenders in calendar year 2003 was 5,129. The following table reflects the top five lenders (in descending order) within South Adams Savings Bank's assessment area in 2003.

<b>Lending Activity in South Adams Savings Bank's Assessment Area</b>			
<b>Rank</b>	<b>Lenders</b>	<b>Number of Loans</b>	<b>Market Share Percentage</b>
1	Greylock Federal Credit Union	849	16.6
2	Adams Co-operative Bank	583	11.4
3	Legacy Banks	463	9.0
4	Berkshire Bank	359	7.0
<b>5</b>	<b>South Adams Savings Bank</b>	<b>298</b>	<b>5.8</b>

Source: PCI Services, Inc., CRA Wiz Software.

## **PERFORMANCE CRITERIA**

### **1. DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS**

Based upon the subsequent analysis, South Adams Savings Bank's distribution of its residential mortgage lending within its assessment area to borrowers of different incomes is considered to be reasonable. Therefore, a "Meets Standards for Satisfactory Performance" rating is assigned.

#### **Residential Mortgage Lending**

An analysis of residential mortgage, Home Mortgage Disclosure Act ("HMDA") reportable, lending extended within South Adams Savings Bank's assessment area, among various income levels for the period under review was performed. For the purposes herein, the period under review for HMDA reportable lending constitutes calendar years 2002 and 2003. A HMDA reportable loan is defined as home purchase loans (including originations, purchases, and refinances) as well as home improvement loans. Originations were categorized by the ratio of the applicant's reported incomes to the 2002 and 2003 estimated median family incomes of the appropriate MSA (refer to the Performance Context Section).

Low income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA; moderate income is defined as 50 to 79 percent of the median family income; middle income is defined as income between 80 and 119 percent of the median family income; and upper income is defined as income greater than 120 percent of the median family income.

An analysis of HMDA reportable lending extended to borrowers of various income levels contained within South Adams Savings Bank's assessment area was conducted. The following table presents the Bank's performance as well as the 2002 and 2003 aggregate data (exclusive of South Adams Savings Bank) of HMDA reportable lending by percentage. In addition, the table also reflects the percentage of family households (per **1990** and **2000** census data) in each of the borrower income categories.

Refer to the following.

Distribution of Home Mortgage Loans by Borrower Income										
Median Family Income Level	% Total Family Households Per 1990 Census Data	2002 Aggregate Lending Data (% of #)	2002 Bank Data		% Total Family Households Per 2000 Census Data	2003 Aggregate Lending Data (% of #)	2003 Bank Data		Total	
			#	%			#	%	#	%
Low	3.4	6.8	13	5.3	2.7	6.8	15	5.0	28	5.1
Moderate	19.9	18.5	32	13.0	27.2	21.3	64	21.5	96	17.6
Middle	64.2	26.3	70	28.3	57.4	27.3	80	26.9	150	27.5
Upper	12.5	39.2	131	53.0	12.7	35.1	130	43.6	261	47.9
NA	0.0	9.2	1	0.4	0.0	9.5	9	3.0	10	1.9
Total	100.0	100.0	247	100.0	100.0	100.0	298	100.0	545	100.0

Source: U.S. Census, HMDA LAR, HMDA Aggregate Data

## **PERFORMANCE CRITERIA (CONTINUED)**

### **1. DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS (Continued)**

As indicated in the table, South Adams Savings Bank's percentage of lending to low-income borrowers is below that of the aggregate for both 2002 and 2003. However, the percentages exceeded the percentage of family households in that category. The Bank's percentage of lending to moderate-income borrowers fell below that of the aggregate in 2002, but was in line with aggregate percentages in 2003.

By dollar volume in 2002, South Adams Savings Bank originated 3.1 percent of its residential mortgage lending to low-income borrowers which was on par with the 2002 aggregate data by dollar volume of 3.9 percent to low-income borrowers. Lending by dollar volume to moderate-income borrowers was 7.2 percent, while aggregate lending was 12.6 percent to those borrowers in 2002.

By dollar volume in 2003, South Adams Savings Bank originated 2.9 percent of its residential mortgage lending to low-income borrowers below the 2003 aggregate data by dollar volume of 4.1 percent to low-income borrowers. Lending by dollar volume to moderate-income borrowers was 16.1 percent, on a par with aggregate lending of 16.1 percent to those borrowers in 2003.

Therefore, over the period reviewed South Adams Savings Bank's level of residential mortgage lending to borrowers of low and moderate-income is considered to be reasonable.

### **2. GEOGRAPHIC DISTRIBUTION OF LOANS**

The following analysis indicates that South Adams Savings Bank appears to have achieved a satisfactory penetration of its HMDA reportable lending to the low and moderate-income census tracts within its assessment area. Therefore, a rating of "Meets Standards for Satisfactory Performance", is assigned.

#### **Residential Mortgage Lending**

Based upon **1990** census data, South Adams Savings Bank's assessment area contained twenty-five census tracts. Of those tracts, three or 12.0 percent are low-income, five or 20.0 percent are moderate-income, fourteen or 56.0 percent are middle-income, and three or 12.0 percent are upper-income.

Further, an analysis of South Adams Savings Bank's residential mortgage lending extended within the various census tracts contained within its assessment area for calendar year 2003 was also conducted. It should be noted that, as of January 1, 2003, a revision to Regulation C (HMDA reporting) went into effect. This revision states in part that "For all applications and loans reported on lenders' 2003 HMDA/LARs, lenders must use the census tract numbers and corresponding geographic areas from the 2000 census."

Based upon **2000** census data, South Adams Savings Bank's assessment area contained twenty-eight census tracts. Of those tracts, one or 3.6 percent is low-income, nine or 32.1 percent are moderate-income, fifteen or 53.6 percent are middle-income, and three or 10.7 percent are upper-income.



## **PERFORMANCE CRITERIA (CONTINUED)**

### **2. GEOGRAPHIC DISTRIBUTION OF LOANS (Continued)**

An analysis of HMDA reportable lending extended within the various census tracts contained within South Adams Savings Bank's assessment area was conducted. The following table presents the Bank's performance as well as the 2002 and 2003 aggregate data (exclusive of South Adams Savings Bank) of HMDA reportable lending by percentage. In addition, the table also reflects the percentage of owner-occupied housing units (per **1990** and **2000** census data) in each of the census tract income categories.

Distribution of Home Mortgage Loans by Income Category of the Census Tract										
Census Tracts	% Total Owner-Occupied Housing Units Per 1990 Census Data	2002 Aggregate Lending Data (% of #)	2002 Bank Data		% Total Owner-Occupied Housing Units Per 1990 Census Data	2003 Aggregate Lending Data (% of #)	2003 Bank Data		Total	
			#	%			#	%	#	%
Low	1.1	2.0	3	1.2	1.0	2.0	1	0.3	4	0.7
Moderate	15.4	14.6	38	15.4	22.3	19.5	69	23.2	107	19.6
Middle	68.6	63.3	177	71.7	62.2	64.2	194	65.1	371	68.1
Upper	14.9	20.1	29	11.7	14.5	14.3	34	11.4	63	11.6
Total	100.0	100.0	247	100.0	100.0	100.0	298	100.0	545	100.0

Source: U.S. Census, HMDA LAR, HMDA Aggregate Data

As indicated, South Adams Savings Bank's percentage of lending to borrowers of low-income was below that of the aggregate in 2002 and 2003. However, the Bank's lending to borrowers of moderate-income for the period reviewed surpassed the aggregate and was essentially equal to demographic data.

By dollar volume in 2002, the Bank originated 1.2 percent of its HMDA reportable lending to the low-income census tracts and 13.0 percent to the moderate-income tracts. This was reasonably consistent with the 2002 aggregate data by dollar volume of 1.4 percent and 11.0 percent to the low and moderate-income census tracts, respectively.

By dollar volume in 2003, the Bank originated 0.2 percent of its HMDA reportable lending to the low-income census tracts and 18.8 percent to the moderate-income tracts. Again this was somewhat in line with the 2003 aggregate data by dollar volume of 2.0 percent and 14.4 percent to the low and moderate-income census tracts, respectively.

In conclusion, given both the 1990 and 2000 census data demographics of South Adams Savings Bank's low and moderate-income census tracts within its assessment area, and its comparison of lending to the aggregate data, its geographic distribution of its HMDA reportable lending to those tracts is considered to be at a satisfactory level.

### **PERFORMANCE CRITERIA (CONTINUED)**

#### **3. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA (S)**

Based upon the following data, South Adams Savings Bank has achieved a strong level of its HMDA reportable lending within its assessment area. Consequently, this pattern of lending is rated "Exceeds Standards for Satisfactory Performance".

##### **Residential Mortgage Lending**

An analysis of HMDA reportable lending extended both inside and outside of South Adams Savings Bank's assessment area for the period under review was performed. The following table illustrates South Adams Savings Bank's level of HMDA reportable lending both inside and outside its assessment area.

<b>Distribution of Home Mortgage Loans Inside and Outside of the Assessment Area</b>												
<b>Year</b>	<b>Inside</b>				<b>Outside</b>				<b>Total</b>			
	<b>Number of Loans</b>		<b>Dollar Volume (000)</b>		<b>Number of Loans</b>		<b>Dollar Volume (000)</b>		<b>Number of Loans</b>		<b>Dollar Volume (000)</b>	
	<b>#</b>	<b>%</b>	<b>\$</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$</b>	<b>%</b>
<b>2002</b>	247	80.2	27,400	74.5	61	19.8	9,367	25.5	308	<b>100.0</b>	36,767	<b>100.0</b>
<b>2003</b>	298	83.0	32,049	74.5	61	17.0	10,989	25.5	359	<b>100.0</b>	43,038	<b>100.0</b>
<b>Total</b>	<b>545</b>	<b>81.7</b>	<b>59,449</b>	<b>74.5</b>	<b>122</b>	<b>18.3</b>	<b>20,356</b>	<b>25.5</b>	<b>667</b>	<b>100.0</b>	<b>79,805</b>	<b>100.0</b>

Source: HMDA LAR.

As indicated, South Adams Savings Bank granted a majority of the number and dollar volume of its residential mortgage lending to those communities within its assessment area. In addition, the Bank's overall HMDA reportable lending has increased. For the period reviewed the overall number of loans increased by 16.6 percent and the dollar volume increased by 17.1 percent. Therefore the Bank's level of penetration is considered to be strong.

#### **4. LOAN TO DEPOSIT ANALYSIS**

Based upon the following, South Adams Savings Banks net loan to deposit ratio appears to be reasonable and, as such, is rated "Meets Standards for Satisfactory Performance".

An analysis of South Adams Savings Bank's net loan to deposit ratios was performed. The calculation incorporated eight quarters of the Bank's net loan to deposit figures as reflected in its quarterly FDIC Call Reports. The quarters reviewed included the periods from December 2002 through September 2004. The Bank's net loan to deposit ratio, on average, was 78.3 percent. This ratio has fluctuated from a low of 74.9 percent in June 2004, to a high of 84.0 percent in December 2002.

## **PERFORMANCE CRITERIA (CONTINUED)**

### **4. LOAN TO DEPOSIT ANALYSIS (Continued)**

The following illustrates South Adams Savings Bank's net loan to deposit trends.

<b>South Adams Savings Bank's Loan to Deposit Ratios*</b>	
<b>Dates</b>	<b>Ratio (%)</b>
December 31, 2002	<b>84.0</b>
March 31, 2003	<b>80.7</b>
June 30, 2003	<b>78.3</b>
September 30, 2003	<b>78.9</b>
December 31, 2003	<b>76.9</b>
March 31, 2004	<b>77.8</b>
June 30, 2004	<b>74.9</b>
September 30, 2004	<b>75.2</b>

\* Source: FDIC Call Reports.

Over the period reflected in the table, South Adams Savings Bank's net loan portfolio declined only slightly by -0.5 percent while deposits grew by 11.2 percent. From September 30, 2003 through September 30, 2004, the Bank's loan portfolio decreased by -2.3 percent, while deposits grew by only 2.5 percent.

A comparison of South Adams Savings Bank's loan to deposit ratio to that of a representative selection of area financial institutions was also performed. As of September 30, 2004, South Adams Savings Bank had total assets of \$199,597,000 and a net loan to deposit ratio of 75.2 percent. The Bank's closest competitors are represented in the following table.

<b>COMPARATIVE NET LOAN TO TOTAL DEPOSIT RATIOS*</b>		
<b>Institution</b>	<b>Total Assets \$(000)</b>	<b>Net Loan to Total Deposit Ratios (%)</b>
Adams Co-operative Bank	165,179	115.3
<b>South Adams Savings Bank</b>	<b>199,597</b>	<b>75.2</b>
The Pittsfield Co-operative Bank	209,237	67.8
Williamstown Savings Bank	211,353	88.0

\*As of September 30, 2004.

Based on the aforementioned analysis, South Adams Savings Bank has achieved a reasonable loan to deposit level given its capacity to lend and the credit needs of its assessment area.

### **5. REVIEW OF COMPLAINTS/FAIR LENDING POLICIES AND PRACTICES**

South Adams Savings Bank received no CRA related complaints in the period under review. The Bank has a satisfactory record of implementing fair lending policies and practices. The following discussion is based on the guidelines of the Division's Regulatory Bulletin 2.3-101.

As of October 31, 2004, South Adams Savings Bank had 35 full-time and 5 part-time employees. Secondary languages spoken include Polish and Spanish.

As a portfolio mortgage lender, the Bank offers a variety of fixed/adjustable rate mortgage products. These include 1 year, 3 year, and 5/1 adjustable rate mortgages. Maximum term is 30 years and the maximum loan to value is 97 percent (with private mortgage insurance

## **PERFORMANCE CRITERIA (CONTINUED)**

### **5. REVIEW OF COMPLAINTS/FAIR LENDING POLICIES AND PRACTICES (Continued)**

required for LTVs over 80 percent). South Adams Savings Bank also offers 10, 15, 20, 25, and 30 year fixed rate mortgages both with and without points.

South Adams Savings Bank has a secondary loan review procedure. Upon the request that the loan be denied by the originating/underwriting officer, an additional lending officer reviews the file and signs off on all denied loan applications, including consumer, residential and commercial loans. This signed review is then copied to the denied loan file.

The Bank is a member of the Massachusetts Bankers' and American Community Bankers Associations, which offer a variety of professional training seminars. During the period under review, the institution's lending staff participated in various lending related training seminars, which covered HMDA's new regulations, Fair Lending, RESPA (Real Estate Settlement Procedures Act), and real estate appraisals.

A Fair Lending review was conducted at this examination. This review was conducted in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures. Based on the sample reviewed, no evidence of disparate treatment of applicants was noted.

## **PERFORMANCE CRITERIA (CONTINUED)**

### **5. REVIEW OF COMPLAINTS/FAIR LENDING POLICIES AND PRACTICES (Continued)**

#### ***Minority Application Flow***

For the period reviewed, South Adams Savings Bank received a total of 15 HMDA reportable mortgage applications from various minority groups, representing 2.3 percent of all applications received from within its assessment area. Of those minority applications, 11 or 1.7 percent were originated.

The following table reflects the minority applications received by the Bank from within its assessment area. Also included in the table are the minority demographics of South Adams Savings Bank's assessment area based upon both the **1990** and the **2000** census data as well as the 2002 and 2003 aggregate data.

Refer to the following.

Distribution of Home Mortgage Loan Applications by Race										
Race	Racial Demographics Per 1990 Census Data	2002 Aggregate Lending Data (% of #)	2002 Bank Data		Racial Demographics Per 2000 Census Data	2003 Aggregate Lending Data (% of #)	2003 Bank Data		Total	
			#	%			#	%	#	%
Native American	0.1	0.4	2	0.7	0.1	0.2	2	0.6	4	0.6
Asian	0.8	0.5	1	0.3	1.1	0.7	0	0.0	1	0.1
Black	2.0	0.7	2	0.7	2.3	1.2	1	0.3	3	0.5
Hispanic	1.0	0.4	1	0.3	1.8	1.0	0	0.0	1	0.1
Joint Race	0.0	0.9	3	1.1	0.0	0.0	3	0.8	6	1.0
Other	0.1	0.4	0	0.0	1.4	0.9	0	0.0	0	0.0
Total Minority	4.0	3.3	9	3.1	6.7	4.0	6	1.7	15	2.3
White	96.0	66.9	275	96.2	93.3	80.6	348	97.2	623	96.7
NA	0.0	29.8	2	0.7	0.0	15.4	4	1.1	6	1.0
Total	100.0	100.0	286	100.0	100.0	100.0	358	100.0	644	100.0

Source: U.S. Census, HMDA LAR, HMDA Aggregate Data

Given the demographics of its assessment area, South Adams Savings Bank's level of minority applications is considered reasonable.

# PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each local community;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (2 Center Street, Adams, MA 01220)."

[Please Note: If the institution has more than one local community, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that community.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.